

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00 SP-02

AID-05 EB-07 NSC-05 CIEP-01 TRSE-00 SS-15 STR-04

OMB-01 CEA-01 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00

XMB-02 OPIC-03 LAB-04 SIL-01 AGR-05 DODE-00 PA-01

PRS-01 L-02 H-02 /083 W

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O R 032145Z APR 75

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC IMMEDIATE 9639

INFO AMEMBASSY BOGOTA

AMEMBASSY GUATEMALA

AMCONSUL GUAYAQUIL

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY QUITO

AMEMBASSY SAN JOSE

AMEMBASSY BRASILIA

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E.O. 11652: N/A

TAGS: EAGR, HO

SUBJECT: BANANAS: GOH INITIATES "OPERATION ISLETAS"

REF: TEGUCIGALPA 1250 AND TEGUCIGALPA 1099

SUMMARY: THE GOVERNMENT HAS ANNOUNCED "OPERATION ISLETAS" WHICH IS DERIVED FROM A BANANA COMMISSION DECISION TO REHABILITATE THE CULTIVATION OF BANANAS IN THE ISLETA AREA FORMERLY UNDER THE DIRECTION OF STANDARD FRUIT. THE RESOLUTION WAS ADOPTED APRIL 2. A FUND OF APPROXIMATELY \$750,000 HAS BEEN ESTABLISHED AND A DECISION MADE TO APPLY THE AGRARIAN REFORM LAW TO THE AREA OF 22,400 HECTARES.

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A GOVERNMENT SPOKESMAN STATED THAT THE STANDARD FRUIT COMPANY

DOES NOT WISH TO LEAVE HONDURAS AND IS ONLY GIVING UP THE LAND IN THE ISLETAS AREA. END SUMMARY.

1. THE DIRECTOR OF THE INSTITUTO NACIONAL AGRARIO (INA), MARIO MALDONADO MUNOZ, STATED FOLLOWING THE MEETING APRIL 2 THAT THE AGRARIAN REFORM LAW WOULD BE APPLIED TO THE ISLETAS PROPERTIES OF STANDARD FRUIT. HE STATED A FUND OF 1,420,700 LEMPIRAS HAS BEEN ESTABLISHED AND A SPECIAL COMMISSION WILL CONTINUE NEGOTIATIONS WITH STANDARD IN ORDER TO EVALUATE THE IMPROVEMENTS ON THE PROPERTY AND IN ACCORD WITH THE LABOR UNION REACH AGREEMENT ON THE SALE AND MARKETING OF BANANAS TO BE PRODUCED.

2. MALDONADO STATED THAT THE DISMANTLING OF FACILITIES ON THE BANANA PLANTATION HAD BEEN STOPPED AND THAT ALL MATTERS SUCH AS THIS WOULD BE SUBJECT TO NEGOTIATION WITH STANDARD.

3. MALDONADO STATED THAT THE DECISION TO CULTIVATE BANANAS IS NOT ONE TAKEN BY THE GOVERNMENT. THIS HAS TO BE A DETERMINATION OF THE WORKERS. AT THE MOMENT IT APPEARS MOST CONVENIENT ECONOMICALLY TO REHABILITATE THE DISTRICTS D AND E OF ISLETAS IN WHICH THERE ARE APPROXIMATELY 7,000 ACRES CULTIVATED, BUT IN THE REST OF THE AREA NOW UNUTILIZED, PROGRAMS WILL BE ESTABLISHED UNDER THE AGRARIAN REFORM. DIVERSIFICATION WILL BE SOUGHT IN ORDER TO AVOID DEPENDENCE UPON BANANAS.

4. MALDONADO STATED THAT THE BANANA COMPANY DOES NOT WISH TO LEAVE THE COUNTRY, THAT IT IS GIVING UP ONLY THE LAND IN THE ISLETAS AREA. THE COMPANY, HE STATED, HAD INDICATED ITS DESIRE TO CONTINUE TO NORMAL OPERATIONS ON THE REST OF THE LAND IT HAS UNDER CULTIVATION.

5. MALDONADO STATED IT IS PROBABLE THAT THE COMPANY WAS SEEKING REMOVAL OF THE SURCHARGE ON BANANAS BUT THAT THE GOVERNMENT MAINTAINED ITS FIRM POSITION ON THIS ISSUE. HE STATED THAT THE JOINT VENTURE APPROACH HAD BEEN DISCARDED BECAUSE IT WAS THE INTENTION OF STANDARD THAT THE JOINT VENTURE APPLY ONLY TO THE AREA OF GREATEST RISK RATHER THAN TO THE ENTIRE OPERATION OF THE COMPANY INCLUDING OTHER ZONES LIMITED OFFICIAL USE

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WHICH OFFER GREATER SECURITY.

6. MALDONADO STATED THAT THE DIRECTORS OF THE COMPANY UNION (SUTRASFCO) HAD STATED THEIR DISAGREEMENT THAT BANANAS BE CONTINUED AS THE CROP IN ISLETAS BECAUSE OF THE DEPENDENCE UPON STANDARD FOR THE MARKETING OF THE OUTPUT. HOWEVER, HE STATED THE ECONOMIC STUDIES INDICATED THAT FOR THE MOMENT IT IS BEST TO CONTINUE THE PRODUCTION OF BANANAS AND BEGIN

LATER WITH THE DIVERSIFICATION OF CROPS.

7. COMMENT: THE GOVERNMENT ACTION PARTIALLY DEFUSES THE PLANNED NOTIFICATION BY STANDARD ON APRIL 5 OF FURTHER LAYOFFS. THE ACTION OF THE GOH ROUGHLY CORRESPONDS TO SUTRASFCO DEMANDS FORMULATED APRIL 2 THAT GOH TAKE ACTION TO MAINTAIN EMPLOYMENT. THE SOURCE OF FUNDS FOR REHABILITATION IS NOT INDICATED. IF BOTH COMPANY AND SPECIAL STUDY ANALYSIS MADE BY THE GOVERNMENT ARE CORRECT IN THEIR CONTENTION THAT INVESTMENT IN BANANA PRODUCTION IN THE ISLETAS AREA IS NOT ECONOMICAL, THE GOVERNMENT ACTION MUST BE SEEN AS THE ASSUMPTION OF A WHITE ELEPHANT ON SOCIAL AND AGRARIAN REFORM GROUNDS. FROM ANOTHER SOURCE EMBASSY BELIEVES THAT DISCUSSIONS BETWEEN INA AND STANDARD WILL BEGIN IN IMMEDIATE FUTURE. SANCHEZ

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